February 9, 2009

Philip Giudice
Commissioner,
Department of Energy Resources
Commonwealth of Massachusetts
100 Cambridge Street, Suite 1020
Boston, MA 02114

Re: Alternative Energy Portfolio Standard

Dear Commissioner Giudice:

This letter sets forth the comments of GreatPoint Energy, Inc. ("GreatPoint") on the emergency regulations (225 CMR 16.00)(the "Regulations") which the Department of Energy Resources (the "Department") has issued to implement the alternative energy portfolio standard (the "APS") for retail electricity suppliers in the Commonwealth which is part of the recently enacted Act Relative to Green Communities (M.G.L. c.25A, Section 11F1/2, hereafter the "Act").

As you know, GreatPoint has developed and is in the process of commercializing a technology for the catalytic gasification of coal, petroleum coke and other carbonaceous materials (including biomass) into methane suitable for transportation in the interstate natural gas pipeline system. GreatPoint's technology permits the carbon dioxide produced in the gasification process to be captured for sequestration. Construction of GreatPoint's Mayflower Energy Center in Somerset, Massachusetts, where GreatPoint will conduct testing of feedstocks and catalysts in its gasification process, is complete and the plant will shortly become operational.

GreatPoint appreciates the extensive time and effort expended by the Department in promulgating the Regulations so promptly following enactment of the Act. GreatPoint believes that the Regulations accurately reflect the legislature's intent in adopting the Act, and accordingly our comments on the Regulations are few in number.

Our comments are as follows:

(i) Definition of "Commercial Operation Date."

We agree with the Department's view that in order to qualify for the APS, a facility must have gone into service after January 1, 2008. The Act is designed to encourage the development of new technologies, and it is therefore appropriate that only newly developed facilities be eligible for the APS.

However, in the case of Gasification, it is not the in-service date of a Generation Unit which matters, but the in-service date of the Gasification facility. GreatPoint intends to develop, construct, own and operate new Gasification facilities over the next several years, which will be capable of selling pipeline quality gas to Generation Units in NEPOOL. Whether those Generation Units to which GreatPoint sells gas in the future were in-service before or after January 1, 2008, should not matter – rather, what should matter is the in-service date of GreatPoint's (or another party's) Gasification facility.

Accordingly, we believe that the definition of "Commercial Operation Date" should be revised to read as follows:

> "Commercial Operation Date. Except in the case of a Generation Unit that uses fuel produced from a Gasification facility, the date that a Generation Unit first produces electrical energy for sale within the ISO-NE Control Area or within an adjacent Control Area. In the case of a Generation Unit that uses fuel produced from a Gasification facility, the date that the Gasification facility first produced gas. In the case of a Generation Unit that is connected to the End-use customer's side of the electric meter or produces Off-grid Generation, the date that such Generation Unit first produces electrical energy."

(ii) Definition of "Gasification."

GreatPoint's proprietary catalytic gasification process works with a number of carbonaceous feedstocks, including by-products of petroleum refining, such as petroleum coke. We do not believe that the legislature intended that feedstocks that are by-products of petroleum refining not be eligible for use in Gasification facilities for purposes of qualifying for the APS, since the Act provides in Section 11F(c) that "the following technologies shall not be considered alternative energy supplies: … petroleum coke, except when used in gasification." Accordingly, we believe that the words "excluding petroleum-derived fuel" in the definition of "Gasification" should be removed.

(iii)Net Carbon Dioxide Emissions Rate.

We believe that the Act requires an "apples to apples" comparison of net CO2 emissions rates when comparing an APS-eligible technology with the "average emissions rate of existing natural gas plants in the commonwealth." An apples to apples comparison would include in the calculation of the average emissions rate of existing natural gas plants in the commonwealth those emissions associated not only with combustion, but also "gasification, fuel processing and sequestration," wherever those activities occur. We do not believe the Regulations, in establishing a net CO2 emissions rate of 890 pounds per MWh, take into consideration these other activities associated with the operation of existing natural gas plants in the commonwealth, and we would therefore urge the Department to either revise that figure to take into account such activities, or provide in the Regulations that the Department will take into consideration in the future evidence submitted by an APS applicant on the CO2 emissions associated with such other activities.

(iv)Eligibility of RPS Class I and Class II Renewable Generation Units.

We believe that the provisions of Section 16.05(1)2.e should also apply in the case of Gasification – that is, a Generation Unit that uses fuel produced from a Gasification facility may seek to qualify both as an APS Alternative Generation Unit and as a RPS Class I or II Renewable Generation Unit. This might be possible if, for example, the gas supplied by the Gasification facility was produced from an eligible renewable resource, such as biomass.

Should the Department wish to discuss these comments or any other matters regarding the Regulations, we are available at the Department's convenience.

Very truly yours,

David S. Balabon
Vice President and General Counsel